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Nation's Restaurant News®

THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY

SECOND CLASS

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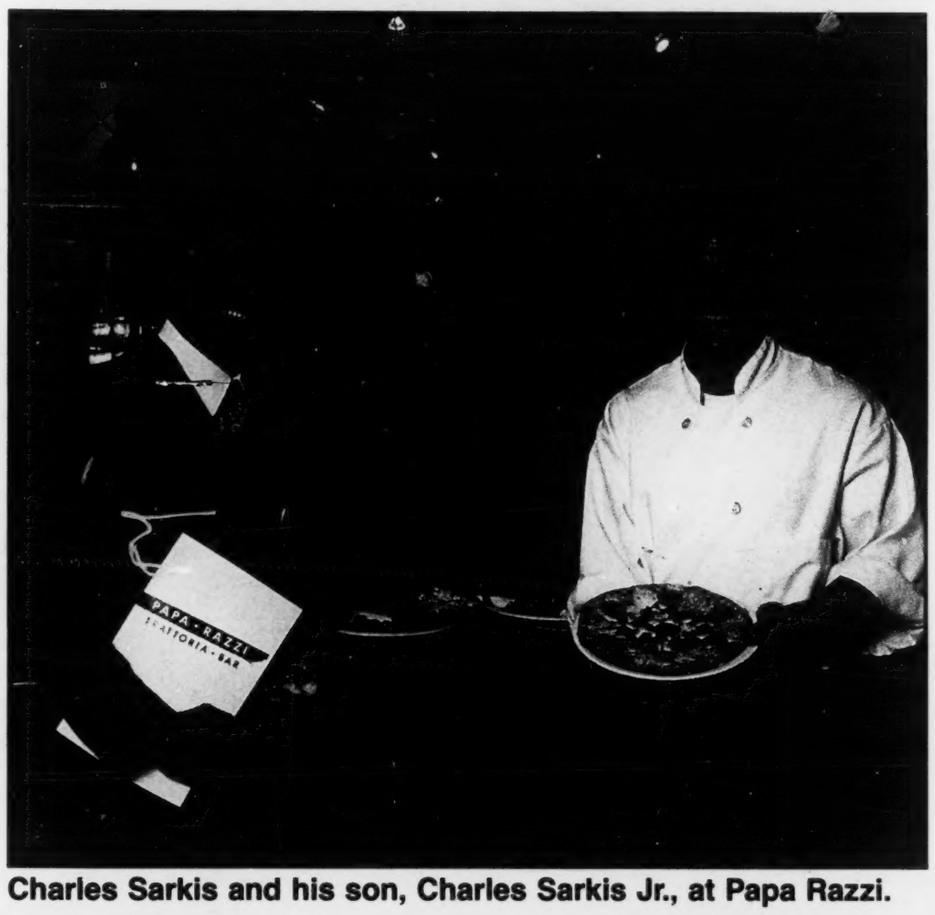

Charles Sarkis and his son, Charles Sarkis Jr., at Papa Razzi.

Sarkis goes Italian with California flair

by Paul Frumkin

BOSTON — After spending 25 years building a profitable collection of casual American-style restaurants, Boston entrepreneur Charles Sarkis has returned to his early industry roots with the opening of Papa Razzi, a moderately priced Italian trattoria with California overtones.

"I've come full circle," declared Sarkis, the 50-year-old founder, chairman and president of the 17-unit Westwood Group, based here.

And yet there is a considerable generation gap between the 140-seat Papa Razzi, which specializes in pasta and thin-crust pizzas, and Sarkis' first restaurant, Boraschi's Cafe.

"I started in 1965 in the Italian restaurant business with Boraschi's," he said. "But then the menu was all heavy red sauces. Papa Razzi is much more contemporary."

Sarkis — who has developed his $40 million New England restaurant empire based on such operations as J.C. Hillary's, Charley's Eating & Drinking Saloon and Joe's American Bar & Grill under the Westwood Group umbrella — said that Papa Razzi had been on the drawing board for the past two years.

"I saw it as the next logical step for us," he explained. "It features a menu that is lighter and more healthful, the style of Italian food you find offered in California restaurants like Spago."

The majority of Sarkis' restaurants emphasize fresh but quickly prepared fare, such as burgers, salads and sandwiches — with the exception of the Famous Atlantic Fish Co.,

(See PAPA RAZZI, page 69)

INSIDE

Bright spot on merger-mania landscape
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Energy-saving trends dominate NRA exhibits
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Battle over disabilities act . . .

Foodservice fights to revive AIDS clause

by Peter Romeo

WASHINGTON — Foodservice lobbyists are struggling to revive legislation that would permit restaurateurs to shift staffers with AIDS into jobs where they would not handle food.

The fight promises to be a difficult one, pitting the industry against some of the Senate's most powerful figures.

The Bush administration's top health official also opposes the measure, which was approved by majorities in both the House and the Senate before being killed by a joint committee. However, President Bush has not revealed his position to the so-called Chapman amendment.

"If we can keep the White House out of this and if we can keep the votes that we have, then we've got a chance," said Mark Gorman, who leads the National Restaurant Association's lobbying team. "But if we lose [Senate minority leader Robert] Dole's support and a few other votes, the whole thing could be gone.

"I don't know what's going to happen," he said.

The industry has argued that it needs the Chapman

(See AIDS, page 69)

What is the Chapman Amendment?

A former component of the House's Americans with Disabilities Act, the measure would have exempted foodservice operators from the ADA's requirements that employees with AIDS or other disabilities be granted the same rights and privileges as their able-bodied peers. It would have permitted foodservice employers to reassign infected staffers out of food-handling jobs and into positions with comparable compensation, provided that the employee could perform the job.

Food industry pumps $4.5M to 95 senators

Common Cause details PAC donations

by Peter Romeo

WASHINGTON — In a struggle to shape federal legislation, the food industry plowed more than $4.5 million into the campaign funds of 95 U.S. senators between 1983 and 1988, according to a study circulating on Capitol Hill.

The trade ranked fifth among the six industries whose campaign contributions were detailed by Common Cause, a group striving to overhaul federal fund-raising regulations.

Topping the list was the finance industry, whose political action committees (PACs) contributed $8.5 million during the five-year study period. Trailing the pack was the health-care field, which donated approximately $4 million.

The restaurant industry has been striving to bolster its might on Capitol Hill by enlarging its campaign-fund kitty. The National Restaurant Association's PAC, which spent $405,000 during primaries and elections in 1987 and '88, has vowed to collect and spend $700,000 on races culminating in November 1990.

The money is donated by NRA members.

"A lot of restaurant operators have made a determination that politics is something

(See PAC, page 68)

Mecca reverses, takes Rank offer

by Milford Prewitt

LONDON — In a sudden turnabout, Mecca Leisure PLC, the international restaurant and theme park conglomerate, has agreed to be acquired by The Rank Organisation for 512 million pounds, or $819 million.

No more than three weeks ago, Mecca Leisure chairman Michael Guthrie asserted at the annual shareholders meeting: "We know our market place. We have been in it for over 100 years. We do not need Rank to help us."

MECCA LEISURE USA, INC.

But since rejecting the diversified communication giant's initial overtures, Guthrie has had emergency heart surgery. While he is reported to be recovering, his involvement in the company's day-to-day operations has been substantially reduced.

Mecca Leisure is the parent of Mecca Leisure USA, Orlando, Fla., operator of 11 Hard Rock Cafe units and dozens of restaurants, nightclubs and theme parks.

London-based Mecca Leisure stated that the merger

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Vol. 24, No. 27 July 9, 1990

NEWS BRIEFS

Calif. Restaurant Association favors state smoking ban

LOS ANGELES — The California Restaurant Association shocked foodservice operators statewide by dropping its opposition to smoking bans and drafting its own legislation to prohibit all smoking in public places, including restaurants and bars.

CRA officials said they were seeking a lawmaker to sponsor their no-smoking bill. "The CRA supports the establishment of laws directing the regulation of smoking when such laws include the regulation of smoking in all public places throughout the State of California, without exclusion or exception," the association said in a prepared statement.

But, "until such laws are enforced on a statewide basis, the CRA opposes the regulation of smoking in restaurants, while urging the restaurant industry to respond to consumer preferences by voluntarily establishing sections in restaurants that provide adequate accommodations for non-smoking customers."

CRA officials indicated several factors were behind the group's about-face on smoking regulations, including new scientific reports on the dangers to non-smokers from secondary smoke; rising public preference for smoke-free environments; the growing number of varied, and thereby confusing, local smoking regulations; and concerns about employer liability related to employees working in areas permitting smoking.

President vetoes family leave bill

WASHINGTON — President Bush has kept his vow and vetoed legislation requiring large companies to grant employees as much as 12 weeks of unpaid leave to deal with the birth or illness of a family member.

In rejecting the family leave bill, Bush said it was important for employers to voluntarily offer the extended furloughs but stressed that the benefit should not be mandated by the federal government.

"If our nation's employers are to succeed in an increasingly complex and competitive global market, they must have flexibility," he said in a prepared statement.

That theme was stressed by the restaurant industry and other trades during intense lobbying against the bill. Before the measure was approved by Congress, Bush promised business leaders that he would veto the measure.

D.C. bill requires safety courses for delivery drivers

WASHINGTON — Mayor Barry has signed a bill that requires drivers who deliver pizza and other food to private residences in the District of Columbia to take safe driving courses and be covered by commercial insurance.

The bill, which becomes law pending a routine, 30-day congressional review, also would require all delivery vehicles to be inspected in the District each year, regardless of where the vehicles are registered.

Aimed at slowing down area delivery drivers, the bill was prompted by resident complaints, according to D.C. Council member Jim Nathanson, who proposed the legislation. A clause that would have banned companies from promoting time guarantees on deliveries was removed before the bill was approved by the council.

Texas tempers drink promos

AUSTIN, Texas — State authorities here are restricting happy hours, banning ladies nights, and prohibiting two-for-one drink specials, but industry lobbyists are claiming it as a victory.

"It could have been much worse," said Richie Jackson, executive vice president of the Texas Restaurant Association, which, along with the Bar Owners Association of Texas, fought the proposals since they were first floated a year ago.

But Milo Kirk, a vice president of Mothers Against Drunk Driving, said the new rules did not go far enough, asserting, "They need to take it a step further and do away with happy hour altogether."

Specifically, the three-person Texas Alcoholic Beverage Commission banned: multiple-drink specials; ladies nights; all-you-can-drink events; nickel-beer promotions; happy hour prices after 11 p.m.; free drinks except for weddings, birthdays, anniversaries or instances of "normal business practices;" contests based on alcohol consumption or in which drinks are awarded as prizes; and bar signs, billboards or other ads with prices visible from the street.

Feds aim for safer meat patties

WASHINGTON — The federal government is taking steps to safeguard the public from perceived health dangers posed by uncured meat patties wholesaled to restaurants and supermarkets.

A meat processors' trade group, which called the measures unnecessary, said the steps could result in higher prices of restaurant staples as hamburgers and pork sausage patties.

Attributing several incidences of foodborne illnesses to the patties, the U.S. Department of Agriculture plans to require suppliers to follow stricter processing procedures and provide handling instructions for customers such as restaurants. The U.S.D.A. is seeking public comment about the proposals.

The regulations would cover such fully and partially cooked items as salisbury steaks, chopped veal steaks, and hamburgers emblazoned with grill marks.

"We have real problems with the proposals," said Dr. James Marsden, vice president of scientific and technical affairs for the American Meat Institute, a meat suppliers' trade association here. He said that the U.S.D.A. is basing the need for regulations on three situations where a health danger was either never verified or never traced to meat patties.

Chez Panisse's Guernsey dies

BERKELEY, Calif. — Royal Thomas Guernsey III, who rose from bartender to become president of the landmark Chez Panisse restaurant here, has died of AIDS. He was 42.

Born in Kansas City, Mo., Guernsey attended Claremont College and served as a Peace Corps volunteer in Panama before joining Chez Panisse.

Under chef-owner Alice Waters, the highly successful restaurant and cafe was instrumental in launching the influential California culinary movement.

At his death, Guernsey was a member of the restaurant's board of directors in addition to being its corporate president.

East German workers protest against unification

BERLIN — Restaurant employees were among the East German workers who walked off their jobs for an hour to express concerns about the nation's economic reunion with West Germany.

The demonstrators said they feared that the economic unification would leave East German businesses vulnerable to domination by West German concerns eager to enlarge their markets.

A number of American-based fast-food chains have already established a presence in West Germany. Those players have not yet disclosed whether they will expand eastward into the capitalistic nation's formerly Communist neighbor.

Crime spree hits Dallas restaurants

DALLAS — With the arrest of one member of a street gang, police here said they were close to ending a five-week series of daring latenight robberies that left local operators and their patrons terrorized.

More than a dozen restaurants here, ranging from a Whataburger to a T.G.I. Friday's, had been hit since May by masked gunmen shortly before closing who allegedly emptied cash registers and demanded patrons' wallets and valuables.

A 20-year-old man was arrested at about 2:30 a.m. after leading Dallas police on a chase in a car which had been stolen earlier during a robbery of four customers in the parking lot of a Taco Bueno fast-food outlet, police said.

The man named other ring members and warned that the ringleader had vowed not to be taken alive.

FINANCIAL NEWS

Coniston disbands, but keeps investment in TW Holdings

by Milford Prewitt

NEW YORK — Coniston Partners, the corporate takeover raiders who waged a costly and contentious campaign in its bid to acquire TW Services, will disband and return the core of its $700 million investment pool to its investors.

But the equity partnership of founders Keith R. Gollust, Paul E. Tierney Jr. and Augustus K. Oliver will continue to retain their investment in TW Holdings, the company formed to buy and operate TW Services, the diversified foodservice operator best known for its Canteen contract feeding division and Denny's, the largest family dinner-house chain.

As a result of the three principals' continued investment in TW, executives for the Spartanburg, S.C.-based restaurant conglomerate said they expect no change in the operations of the company.

"The recent announcement by Coniston Partners to restructure its business will have no effect on the operations of TW Holdings Inc. and TW Services Inc.," said Jerome J. Richardson, president and chief executive officer of TW Services Inc. "Coniston's decision is yet another example of its ability to adapt its talents to the current business environment."

The three partners of Coniston will move to the opposite spectrum of corporate realignment by becoming venture capitalists and a source of financing and assistance for troubled concerns.

Analysts suspect that the business environment Richardson may be referring to is the higher costs of takeovers amid a resurgent stock market. In reaching record highs during the past two quarters, the stock market's bullish performance has had the effect of reducing the number of undervalued companies takeover artists like Coniston normally targeted.

Moreover, with the takeover and leveraged buyout boom of the 1980s resulting in scores of precariously highly leveraged companies whose cash flow can barely service the debt, banks and investors have been unwilling to finance the mega-dollar deals aggressive raiders of the 1980s pursued.

Although all of the principals at Coniston were either unavailable for comment or did not respond to phone inquiries, Gollust has previously indicated that the market Coniston thrived in no longer exists.

> In acquiring TW, Coniston for the first time owned a company lock, stock and barrel.

"The very favorable environment that encouraged this type of activity [pursuing undervalued companies] has changed," Gollust was quoted as saying. "The business that we used to be in we don't plan to be in anymore."

For nearly nine months between mid-1988 to early 1989, Coniston was relentless in its chase for TW.

Executives at TW threw up many road blocks, including a plea to its shareholders not to sell out, canceling its annual shareholders meeting to avoid placing two Coniston representatives on the board and erecting a poison-pill defense.

Coniston fought back with lawsuits to dismantle the poison pill, but when that effort failed, Coniston persisted until it finally bagged the restaurant industry's fourth-largest operator in June 1989 for $1.7 billion, or $34 a share.

In acquiring TW, Coniston for the first time owned a company lock, stock and barrel. Up until then Coniston usually had been a major shareholder.

At one time Coniston's takeover targets were the types of well-known but undervalued companies that raiders like Frank Lorenzo, Marvin Davis or Victor Posner would have hounded. Among them were Allegis Corp., former parent of United Airlines and Gillette Inc.

Since the acquisition, TW Services has been selling off a number of non-strategic subsidiaries for the express purpose of reducing debt. Just recently the company sold its Milnot Co. division, a canned milk products and meat-based product supplier, for $25 million in cash to Eli S. Jacobs and Engles Capital Corp in Dallas.

TW Services flagship operations, however, are being infused with expansion and remodeling dollars. In addition to Canteen, TW Services runs 1,007 Denny's family restaurants, 470 Hardee's restaurants, 213 Quincy Family Steakhouse chains and 206 El Pollo Loco units.

The company recently inked a new territorial agreement with Hardee's, calling for development of an additional 145 Hardee's restaurants over the next five years. About 100 of the new units are slated for Ohio and western Pennsylvania, with the rest planned for TW's existing Southeastern territory.

For the first quarter ended March 31, TW Holdings lost $46 million on revenues of $862 million, an 8-percent gain over last year's results.

FOOD PRICE OUTLOOK

Canned mushroom squeeze coming

by Patt Patterson

The Food and Drug Administration is continuing its detention and rejection of mainland China's **canned mushroom** imports into this country. As a result, in the first quarter of the year, 45 percent of U.S. mushroom imports came from Hong Kong. Now the FDA has announced automatic detentions of mushrooms from three of Hong Kong's major packers, and more may be targeted later.

Look for the canned-mushroom supply to get tighter this year, even though U.S. canners are working flat out to increase their packs.

Torrential Midwestern rains and flooding in mid-June wiped out farmers' crops as well as cities and towns. The extent of the damage was still not clear at presstime.

However, the **soybean** and **corn** crops have been affected, and indirectly that may also have an impact on **beef** and **pork** prices in the months ahead as well as on prices for **vegetable oils.**

Potato acreage is up in Idaho and the Pacific Northwest. That may bring relief to users of frozen and canned **potatoes.** Grade A frozen fries continue in good supply, but Grade B are very tight. There has been some drop in sliced and diced canned potatoes.

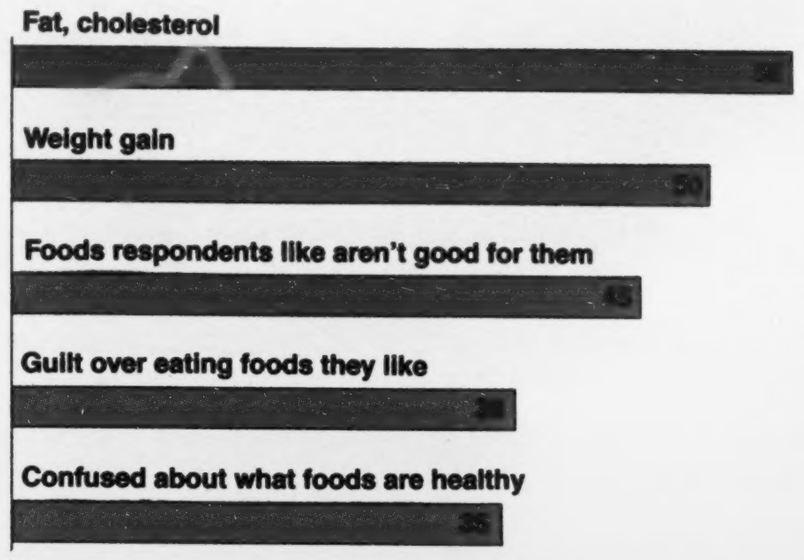
The end-of-May rains hit both the California **sweet cherry** crop and the one in Washington state. It was a disaster for California's growers, with about half the crop still on the trees and almost totally lost.

The loss was less in the Northwest, but the harvest there is estimated to be below normal instead of the larger one expected. Midwestern canned and frozen tart cherry packs will be below normal this year because of a combination of poor pollination and extended cold weather. Expect higher prices.

FACT FILE

Top worries about daily diet

(In percentages*)


Fat, cholesterol
Weight gain
Foods respondents like aren't good for them
Guilt over eating foods they like
Confused about what foods are healthy

*Total exceeds 100 percent due to multiple responses

Source: The Gallup Organization sample survey of 772 adults

FINANCIAL DIGEST

Old Spaghetti Warehouse's profit up 64%

GARLAND, Texas — Four new restaurants were largely responsible for Old Spaghetti Warehouse Inc., the 15-unit operator of moderately priced Italian dinner houses, chalking up a 64-percent gain in profit, to $790,212, on a 40-percent boost in revenues, to $10 million, for the third quarter.

For the nine-month period ended March 31, Old Spaghetti Warehouse's net income increased 52 percent, to $1.9 million, on sales of $26.6 million, a 30-percent increase.

In addition to store expansion, the company attributed its strong numbers to an array of improving operational factors. In a presentation on Wall Street recently, Old Spaghetti Warehouse pointed out the following:

- Same-store sales improvements accounted for 11.5 percent of the total revenue gain in the quarter.
- Check averages and customer counts have been rising with customer traffic up 4.8 percent in the quarter on a year-to-year basis while those stores older than two years had a 6.7-percent increase in customer counts.
- Mild weather in the most recent quarter plus New Year's Eve dinner sales (which fell in the second quarter in 1989) boosted per-store sales averages.

The company noted that it is in the process of raising its menu prices to an annual rate of about 2.4 percent.

If the company's stock is any indication, Wall Street is watching Old Spaghetti Warehouse with eagerness. The company's stock has appreciated 21 percent in the month of June, rising in 10 days from $17 to $20.62.

Ciatti's 3rd-qtr. net climbs 37%

EDINA, Minn. — Improved same-store sales and high traffic counts at new stores led Ciatti's to a 37-percent increase in net income for the third quarter, to $222,754, on a 45-percent gain in revenue, to $4.3 million.

The operator of nine midscale Italian dinner houses, Ciatti's nine-month revenues soared 52 percent, to $12.0 million, for the quarter ended April 1. Net income during the nine months climbed 63 percent, to $597,541.

The company reported that the quarter represented the seventh straight for double-digit earnings growth. Sales from mature units were up 8.3 percent.

Store expansion boosts TCBY's net

LITTLE ROCK, Ark. — Company and franchisee store expansion boosted TCBY's net income 8 percent, to $9.6 million, on a 15- percent gain in revenues, to $49.9 million, for the second quarter ended May 31.

For the six months of the period, net income increased 9 percent, to $12.8 million, on a 19-percent gain in revenues, to $80.5 million.

In a prepared statement, Frank D. Hickingbotham credited chain expansion from both franchisees and the company for the increases in profit and sales.

"We are pleased with these results, especially understanding that during this quarter we experienced adverse and unseasonable weather conditions throughout the United States, which affected our sales," Hickingbotham said.

Systemwide sales during the second quarter increased 19 percent, to $95 million. TCBY, the largest soft-serve frozen yogurt chain, added 130 stores during the second quarter for a systemwide unit size of 1,795 restaurants, of which 144 are company operated.

Left to right: Tom Kaplan, left, and Rich Brenner, co-owners of Highland Grounds, Hollywood, Ca., stand behind the coffee bar. 7-Eleven stores have introduced flavored coffee in the Southern California market. Caffe Latte owner Tom Kaplan displays a bag of specialty coffee beans.

Hot beverages brew up big profits for savvy operators

by Richard Martin

Special agent Dale Cooper, the coffee-slurping sleuth of TV's "Twin Peaks," struck a responsive chord this spring when he repeatedly praised his favorite beverage before a beguiled national audience.

Savvy restaurateurs certainly agreed with the G-man's ardent assessment that there's nothing like a good, strong cup of hot java — at least from the standpoint of coffee as a prodigious profit builder and a prime means of heightening patron satisfaction.

Of course, hotel and tablecloth dining operators who are brewing teatime trades may applaud just as ardently about afternoon tea's high-margin attributes and ability to create a between-meal daypart.

And then there are the managers of Checkers, a hotel-based fine-dining restaurant in Los Angeles, who savor the breakfast and brunch contributions of their signature Belgian hot chocolate with minted whipped cream, a cup of which commands an impressive $3.75 menu price.

Meanwhile, espresso specialists — including the New Bohemian entrepreneurs who have ignited a coffee-house boom in Los Angeles — are pumped up about their ability to extract a typical 95-percent gross margin from each cup of the increasingly popular bitter brew.

In many segments of the restaurant industry specialty black teas and herbal tea blends are building followings, as has freshly brewed decaffeinated coffee.

Clearly, hot beverages, though often taken for granted as obligatory offerings, still hold the potential to enhance the image, the allure and the bottom line of foodservice operations.

Coffee, in particular, is showing signs of vigor, following 25 years of steadily declining consumption. According to industry studies, the percentage of coffee drinkers in the overall population actually perked upward in 1989, a year that marked another advance for lovers of the roasted bean.

The collapse last July of the International Coffee Agreement, a restrictive structure of trade quotas, brought on open-market conditions that slashed green-coffee prices and enabled American importers to obtain far greater quantities of premium Arabica beans, especially from Colombia, Guatemala, Honduras and Mexico.

"There was a pent-up demand for those coffees that was being frustrated by the quota system," George Boecklin, president of the National Coffee Association, a New York-based trade group, says. Now, with less of the inferior Robusta variety being imported, "The quality of the coffee served in restaurants in this country has improved," he adds.

The varieties and taste profiles of coffee are also expanding and evolving in foodservice settings. Southland Corp.'s 7-Eleven chain, whose 6,800 convenience stores sell more than 1 million cups of coffee a day, is experimenting with "gourmet" and flavored coffees in test markets on both coasts.

7-Eleven's "Cafe Select" program, launched in Buffalo, N.Y., and expanded to stores elsewhere in New York and New Jersey, features robust Kenya AA coffee as a 20-cent-extra-per-cup alternative to the chain's regular and decaf brews.

Like all the coffees at almost all 7-Elevens, beans for Cafe Select are freshly ground at the stores each day, an attraction for coffee aficionados and a cost-saving advantage for Southland

*(See **HOT BEVERAGES**, page 32)*

Hot beverages, though often taken for granted as obligatory offerings, still hold the potential to enhance the image, the allure and the bottom line of foodservice operations.

FOCUS

NRN Photo

Cano Vega, the manager of Highland Grounds, a specialty coffee bar in Hollywood, Calif., steams milk for cappucino.

Hot beverages brew profits

(Continued from page 31)

Corp. "Whole-bean coffee is substantially less than in a fractional pack or vacuum pack," Joyce Eskridge-Jeffries, the Dallas company's coffee product manager, says.

The Cafe Select program is slated for expansion soon to the West Coast, where cinnamon-flavored beans, instead of Kenyan, are likely to be ground. Currently, some 150 franchised 7-Elevens in Southern California are already promoting cinnamon and vanilla coffees, regular brews that are flavored with powders added to customers' cups.

Coffee-industry research, showing that sales of flavored and "gourmet" coffees have grown by more than 20 percent since 1984, inspired the Cafe Select test by Southland, whose own coffee sales jumped 5 percent in 1989. "Fifteen years ago we would not have looked at doing [Cafe Select]," Eskridge-Jeffries says. "But we see this as an opportunity to get in [to the field] at a good time."

Credited with boosting sales of Dunkin' Donut-brand products and 7-Eleven's own Breakfast Bite sausage sandwich, coffee traffic at the C-store chain has also opened the door to a new product line: The chain's popular flavored creamers — amaretto, mocha and Irish cream — have grown up from a help-yourself amenity in single-serve packs to pint-sized, take-home offerings in the dairy case.

"I believe we've gained a lot of customer loyalty from the creamers," Eskridge-Jeffries notes.

Premium coffees and flavored blends are also making inroads in upper echelons of the office-coffee-service industry. "Things have changed in the last two or three years, and you do see some of [those coffee varieties] in the executive suite," says G. Dean Wood, president of the Fairfax, Va.-based National Coffee Service Association, whose membership accounts for about 20 percent of the $2.5 billion office coffee catering industry.

The International House of Pancakes restaurants, rewarded by loyal coffee drinkers since it pioneered the "never-empty" pot concept in 1958, may also adopt flavored coffee, although the chain currently has no firm plans to do so. "I can see flavored coffees becoming a potential for us," says Stephen Pettise, marketing vice president of IHOP Corp., whose 486 branches currently brew up some 2 million pounds of coffee a year.

"I think you'll see more of the coffee shops trying to differentiate themselves from each other and from operations like Denny's," predicts Biff Naylor, whose Beverly Hills, Calif., operation, Cafe Beverly Hills, is one of the few in that industry segment to boast an imported espresso machine.

"Coffee is still a very high-margin item no matter how you cut it," explains Vincent Kikugawa, president of the 150-unit Marie Callender's chain, which hasn't dabbled in espresso but does feature an herbal tea selection. "We're constantly looking at coffee because we serve so much of it."

Because of coffee's far-reaching effect on profits, restaurants may base sweeping operational decisions on coffee service. Denny's, the nation's largest coffee-shop chain, jettisoned all its cups and saucers and replaced them with mugs shortly after its acquisition by TW Services in 1987. The move, according to the chain's new management, was aimed at saving labor and energy by cutting down on refills and on the number of service wares requiring washing and handling.

Decisions about coffee are also crucial for an exclusive restaurant like Checkers, in Los Angeles. "Arriving at a choice of which coffee to serve and how to brew it is a really delicate matter for a hotel," says executive chef Jerry Comfort, explaining that Checkers' coffee philosophy reflects both the tastes of its upscale restaurant clientele and the hotel's need for a single kind of coffee to be served day and night in a variety of settings.

Before Checkers debuted last year, Comfort and other managers conducted several exhaustive tastings of premium, whole-bean coffees before settling on the Checkers blend and a 2.75-ounce-per-pot brewing strength. Staleness-prevention controls, in the form of timing devices at brewing stations, were then installed to ensure a maximum 20-minute holding time.

In too many instances "coffee and tea are grossly neglected by restaurants," asserts Tom Kaplan, whose Caffe Latte, a combination restaurant and coffee-roasting shop in Los Angeles, attracts a fiercely loyal following of hot-beverage connoisseurs.

"It costs no more to sell good coffee than bad coffee," Kaplan contends. However, he concedes that Caffe Latte's coffee margins are diminished

*(See **HOT BEVERAGES**, page 37)*

HIGHLAND GROUNDS

Caffe latte	$2.75*
Cappuccino	2.50
Double cappuccino	2.75*
Espresso	1.50
Double espresso	2.50*
Caffe mocha	3.00*
Coffee o' day (one free refill)	1.50
Coffee yo choice — order-brewed La Minita Tarrazu (Costa Rica), San Sebastian (Guatemala), decaf Lintong(Sumatra)	2.00
Hot cocoa	2.50
Pot o' tea (Earl Grey, mango, papaya, Darjeeling 1st flush — Singbulli estate, Yin Hao jasmine)	1.50
Grilled eggplant sandwich with fresh Mozzarella, mild chilies	5.75
Yucatan sausage (chicken, duck, cilantro, Serrano chilies) sandwich with peppers and onions	5.75
Tossed salad on pizza crust	5.25
Brioche with cheese and mushrooms	2.50

* available iced

> "I think you'll see more of the coffee shops trying to differentiate themselves from each other and from operations like Denny's."

Tea, coffee remain flat as soft drinks bubble upward
(gallons consumed per capita)

	Tea	Coffee	Soft drinks
1982	6.9	25.9	26.9
1983	7.0	26.3	27.4
1984	7.1	26.7	28.4
1985	7.1	27.3	30.4
1986	7.1	27.4	31.9
1987	6.9	26.3	30.5
1988	6.9	24.3	31.7

Source: U.S. Dept. of Agriculture, per National Restaurant Assn.

Tea leaves coffee grounded as patrons make the switch

LOS ANGELES — Steeped in an aura of civilized refinement, premium teas are earning new fans among caffeine-conscious converts from coffee and as an alternative to alcohol.

"The caffeine factor is a big thing," explains Julianne Gorski, whose English-style cafe here, Paddington's Tea Room, serves specialty teas, coffees and espresso-based drinks. In terms of recent sales trends and changing customer preferences, "the increasing one is definitely tea," she says, citing health concerns as the driving factor in the shift.

Gorski calls proper, English-style tea service a "marvelous alternative to cocktail hour" that provides equivalent opportunities for social intercourse. In fact, members of Alcoholics Anonymous frequently patronize her quaint cafe for its signature "high tea" spread of fine-grade tea, pâté, crudités, finger sandwiches, scones and sweets.

Bernard Erpicum, the maître d' at Spago, estimates that 30 percent to 40 percent of the West Hollywood restaurant's regular coffee drinkers are also shifting to herbal teas. "People are getting so much more health conscious," he observes.

Still, many of Spago's coffee customers are sticking with their brew of choice, in a modified version. Caffeine-shy guests in growing numbers are switching to Spago's whole-bean, freshly ground decaffeinated espresso and decaffeinated cappuccino "because the coffee companies are coming up with better decaf coffees," Erpicum explains.

Tea makers, too, are offering quality grades that are winning favor with the new breed of tea connoisseur. "Restaurants ought to pay more attention to the quality of tea they buy," Erpicum says.

Tom Kaplan agrees. At his Caffe Latte restaurant and Highland Grounds coffee house, Kaplan is nurturing a growing clientele by offering select herbal and black-tea varieties. He also provides a lesson in the economics of bulk tea, showing that the most expensive tea varieties can yield healthy profits.

Although Kaplan pays $26 a pound for his hand-picked jasmine tea, the highest of 19 quality grades of jasmine, he needs only about three grams of it — 17 cents' worth — to brew a 12-ounce pot that sells for $1.50. "What we're talking about is that one of the finest teas in the world costs less, cup for cup, than [a leading tea-bag brand]."

R.M.